

Message Text

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ACTION EB-08

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E.O. 11652: N/A
TAGS: ETRD MP
SUBJECT: GSP FIRST YEAR REVIEW

REF: STATE 67507

1. EMBASSY CANVASSED GOM TRADE AUTHORITIES AS WELL AS OFFICIALS OF THE MAURITIAN SUGAR SYNDICATE AND CHAMBER OF COMMERCE REGARDING THE QUESTIONS ON GSP POSED IN REFTEL. A SUMMARY OF THEIR RESPONSES FOLLOWS:

2. WHILE GSP IS VIEWED AS BEING GENERALLY BENEFICIAL TO MAURITIAN EXPORTS, ESPECIALLY FOR SUGAR AND MOLASSES, THE OVER-ALL EFFECT ON TRADE VOLUME HAS NOT BEEN VERY SIGNIFICANT PRIMARILY BECAUSE EEC TRADE PREFERENCES ARE MUCH MORE ADVANTAGEOUS.

3. THE SUGAR SYNDICATE IN FACT INCREASED SUGAR EXPORTS TO THE US (FROM 23,000 TONS IN 1975 TO 36,000 TONS IN 1976) PARTIALLY IN RESPONSE TO THE GSP PRICE ADVANTAGES. A SUGAR TRADE EXPERT SAID, HOWEVER, THAT THE LOCAL INDUSTRY WAS RESPONDING IN PART TO THE POSSIBILITY THAT SUGAR MAY BE REMOVED FROM THE GSP LIST AND BE RETURNED TO A SYSTEM OF IMPORT QUOTAS. MAURITIUS, HE EXPLAINED, WANTED TO DEMONSTRATE THAT IT HAD A PEICE OF THE
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U.S. SUGAR MARKET AND THAT IT COULD GUARANTEE TO DELIVER A CERTAIN TONNAGE SHOULD THE US QUOTA SYSTEM BE REINSTITUTED.

4. THE EEC (LOME CONVENTION) SUGAR QUOTA AND GUARANTEED PRICE ARE CURRENTLY MUCH MORE ADVANTAGEOUS (500,000 TONS AT 210 POUNDS STERLING PER TON) THAN THE US PRICE, AND THUS THE EEC WILL REMAIN THE PRINCIPAL CUSTOMER FOR MAURITIAN

SUGAR AND WILL BE GIVEN HIGHEST PRIORITY.

5. IN THE NON-SUGAR SECTOR, GOM TRADE EXPERT POINTED OUT THAT THE NUMBER OF PRODUCTS (ABOUT 6) EXPORTED TO US UNDER GSP IS LOW. AGAIN HE CITED EEC TRADE PREFERENCES AS BEING MUCH MORE ADVANTAGEOUS. A CHAMBER OF COMMERCE OFFICIAL NOTED THAT ANOTHER REASON FOR SMALL MANUFACTURES NOT BEING EXPORTED TO US IS THAT LOCAL FIRMS ARE OFTEN TIED TO EUROPEAN FIRMS AND RELY ON THEM COMPLETELY FOR THEIR MARKETING AND COMMERCIALIZATION.

6. GOM OFFICIAL COMMENTED THAT THE MOST IMPORTANT MAURITIAN NON-SUGAR EXPORTS ARE TEXTILES AND GARMENTS, BOTH OF WHICH ARE NOT INCLUDED IN THE GSP. HE UNDERSTOOD THAT TEXTILES ARE "HEAVILY POLITICIZED" BUT REMARKED THAT THIS IS AN AREA WHERE TRADE PREFERENCES TO LDC'S WOULD BE MOST BENEFICIAL. HE COULD NOT UNDERSTAND WHY THE US GAVE SUCH LARGE TEXTILE IMPORT QUOTAS TO THE JAPANESE WHO ARE A "HIGHLY DEVELOPED COUNTRY."

7. AS FOR THE MECHANICS OF THE GSP, BOTH GOVERNMENT AND PRIVATE OFFICIALS BELIEVED THE PROCEDURES ARE RELATIVELY UNCOMPLICATED AND EASILY CONFORMED TO BY EXPORTERS.
KEELEY

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